

Enhancements Made to VA Home Loans in 2020

VA Home Loans allow Veterans and Active Duty Servicemembers to buy a home for little to no money down. Some of the most important benefits these loans offer are no down payment requirements, lower monthly mortgage payments, no mortgage insurance premiums, low-interest rates, and zero prepayment penalties.

Many real estate experts consider VA loans the best government loans available due to the excellent benefits and how easy it is for Veterans to use them. Their current status as the best government loans available is a direct result of the continuous updates that VA home loans have gone through since their creation back in 1944.

VA Home Loans History

The creation of [VA home loans](#) through the Servicemen's Readjustment Act of 1944 addressed homeownership struggles that World War II Veterans experienced while rejoining society. Since then, VA loans have gone through several updates and have guaranteed more than 25 million loans.

Some of the most significant updates to VA home loans are the removal of the two-year time limit for Veterans to use their benefits before losing them and the increased availability . These updates came from the signing of the Veterans Housing Act of 1970 and the signing of the Veteran Home Loan Program Amendments of 1992, respectively.

In addition to various more minor updates throughout the years, VA home loans have always enjoyed extra attention as there is always a sense of responsibility towards our Veterans in the United States. This sense of responsibility has also led to the latest update to VA home loans in 2019, making changes to the VA funding fee and the VA county loan limits.

Bluewater Navy Vietnam Veterans Act of 2019

This latest improvement to VA home loans became law on June 25th, 2019, and improved medical benefits to Vietnam War Veterans who served and suffered from exposure to dangerous chemicals like Agent Orange. Changes made to VA loans because of this law also include changes to VA loan limits and the VA funding fee.

- VA Funding Fee

Changes made to the VA funding fee include raising the funding fee for Active Duty Service Members and Veterans from 0.15% to 0.30%. It made it so that applicants who are on active duty and earned a purple heart can waive the funding fee altogether, with the only requirement being that they close on the property while still on active duty.

Additionally, members of the National Guard and Reservists got their funding fee reduced. Simultaneously, Veterans with service-related disabilities who already enjoyed exemption get to keep their status and enjoy not having to pay the funding fee.

- VA Loan Limit Changes

The most significant change to happen due to this law was the removal of [VA county loan limits](#) for first-time VA loan borrowers. As a result, applicants can now buy a home anywhere in the country without following county loan limits. However, one limitation that borrowers must adhere to is how much they can pay on their mortgage every month.

Also, since lenders administer VA loans, some lenders will have loan limits based on how much they feel comfortable lending out. Some lenders that work with VA Home Loan Centers have loan limits of up to \$5 million for no money down as long as the applicant can make their mortgage payments.

Native American Veterans who want to take out a VA loan to finance the building or buying of a property in Federal Trust Land can now do so without having to adhere to loan limits at all.

This law did not change for borrowers with more than one active VA home loan as they are still required to follow the county's VA loan limit. However, one good thing is that loan limits have continued to increase year after year, with VA loan limits in low-cost counties currently set at \$548,250.

Conclusion

Since its creation, VA home loans have enabled millions of deserving Veterans and Active Duty service members the opportunity to become homeowners. The constant updates are sure to keep VA home loans as the best government loans available. Recent trends have shown that due to the implementation of these new laws, VA loans' popularity increased so much that 2020 had the VA guarantee, a record-breaking, more than 1.2 million home loans.

Through the continued support of these loans, the government is not only improving VA benefits for applicants, they are also reinforcing the government's support for the brave men and women who serve the country.

Phil Georgiades is the CLS for VA Home Loan Centers, a government-sponsored brokerage specializing in VA loans. Phil has more than 22 years of experience working in real estate professionally. For more information about VA home loans or [apply for a VA home loan](#), call us at (877) 432-5626.